

**PROPOSED REGULATION OF THE
PUBLIC UTILITIES COMMISSION OF NEVADA**

LCB File No. R076-11

January 12, 2012

EXPLANATION – Matter in *italics* is new; matter in brackets ~~[omitted material]~~ is material to be omitted.

AUTHORITY: §1, NRS 701B.200; §2, NRS 701B.336; §3, NRS 701B.590; §4, NRS 701B.840; §§5 and 6, NRS 703.025 and 704.210; §§7, 12-21, NRS 704.110, 704.185, 704.187 and 704.210; §§8, 9 and 22-28, NRS 704.110, 704.185 and 704.210; §§10 and 11, NRS 704.110, 704.187 and 704.210.

A REGULATION relating to public utilities; establishing provisions concerning quarterly adjustments to the deferred energy accounting adjustment authorized for certain utilities; prescribing requirements for utilities that adjust the deferred energy accounting adjustment on a quarterly basis; establishing provisions for the cessation of quarterly adjustments to deferred energy accounting adjustments; revising provisions governing the quarterly adjustment to base tariff energy rates; revising provisions governing certain filings of utilities relating to the adjustment of base tariff energy rates and deferred energy accounting adjustments; and providing other matters properly relating thereto.

Section 1. NAC 701B.140 is hereby amended to read as follows:

701B.140 1. A utility shall include with its annual deferred energy accounting adjustment application filed pursuant to subsection ~~[9]~~ *11* of NRS 704.110 a revised Solar Program rate. The rate must be calculated by adding the following two components:

(a) A prospective rate determined by dividing the total costs in the Solar Program annual plan by the projected kilowatt-hours for the program year; and

(b) A clearing rate determined by dividing the cumulative balance in the Solar Program subaccount of FERC Account No. 182.3 at the end of the deferred energy test period as defined in NAC 704.063 by the test period kilowatt-hour sales.

2. The Commission will allow recovery of all prudent Solar Program costs included in the subaccount of FERC Account No. 182.3 at the end of the test period as defined in NAC 704.063 and adjust the Solar Program rate accordingly.

Sec. 2. NAC 701B.245 is hereby amended to read as follows:

701B.245 1. Except as otherwise provided in NAC 701B.250, a utility shall account for costs and revenues in the following manner:

(a) Calculate, on a monthly basis, the costs incurred and revenues received in the Solar Thermal Program since the end of the test period in its last proceeding to change the Solar Thermal Program rate;

(b) Record the cost of the Solar Thermal Program in a separate subaccount of FERC Account No. 182.3 and make an appropriate offset to other subaccounts;

(c) Maintain subsidiary records of the subaccount of FERC Account No. 182.3 which must clearly delineate, without limitation, the rebates, contractor costs, marketing costs, training costs and utility administrative costs associated with the Solar Thermal Program;

(d) Record in the subaccount of FERC Account No. 182.3 the revenues attributable to the Solar Thermal Program rate to recover the costs of the Solar Thermal Program; and

(e) Apply a carrying charge at the rate of one-twelfth of the authorized rate of return to the monthly ending balance in the subaccount of FERC Account No. 182.3.

2. A utility shall include with its annual rate adjustment application filed pursuant to subsection ~~8~~ 9 of NRS 704.110 a revised Solar Thermal Program rate. The revised Solar Thermal Program rate must be calculated by adding the following two components:

(a) A prospective rate determined by dividing the total costs in the Solar Thermal Program annual plan by the projected therms for the program year; and

(b) A clearing rate determined by dividing the cumulative balance in the Solar Thermal Program subaccount of FERC Account No. 182.3 at the end of the test period identified by the utility, consisting of the 12 calendar months ending on the adjustment date, consistent with NAC 704.063, by the therm sales for that test period.

3. The Commission will allow recovery of all prudent Solar Thermal Program costs included in the subaccount of FERC Account No. 182.3 at the end of the identified test period, as defined in NAC 704.063, and adjust the Solar Thermal Program rate accordingly.

Sec. 3. NAC 701B.495 is hereby amended to read as follows:

701B.495 1. A utility shall include with its annual deferred energy accounting adjustment application filed pursuant to subsection ~~9~~ **11** of NRS 704.110 a revised Wind Demonstration Program rate. The rate must be calculated by adding the following two components:

(a) A prospective rate determined by dividing not more than the total costs in the Wind Demonstration Program annual plan by the projected kilowatt-hours for the program year; and

(b) A clearing rate determined by dividing the cumulative balance in the Wind Demonstration Program subaccount of FERC Account No. 182.3 at the end of the deferred energy test period as defined in NAC 704.063 by the test period kilowatt-hour sales.

2. The Commission will allow recovery of all prudent Wind Demonstration Program costs included in the subaccount of FERC Account No. 182.3 at the end of the test period as defined in NAC 704.063 and adjust the Wind Demonstration Program rate accordingly.

Sec. 4. NAC 701B.675 is hereby amended to read as follows:

701B.675 1. A utility shall include with its annual deferred energy accounting adjustment application filed pursuant to subsection ~~9~~ **11** of NRS 704.110 a revised Waterpower

Demonstration Program rate. The rate must be calculated by adding the following two components:

(a) A prospective rate determined by dividing not more than the total costs in the Waterpower Demonstration Program annual plan by the projected kilowatt-hours for the program year; and

(b) A clearing rate determined by dividing the cumulative balance in the Waterpower Demonstration Program subaccount of FERC Account No. 182.3 at the end of the deferred energy test period as defined in NAC 704.063 by the test period kilowatt-hour sales.

2. The Commission will allow recovery of all prudent Waterpower Demonstration Program costs included in the subaccount of FERC Account No. 182.3 at the end of the test period as defined in NAC 704.063 and adjust the Waterpower Demonstration Program rate accordingly.

Sec. 5. NAC 703.160 is hereby amended to read as follows:

703.160 1. The Secretary shall cause public notice of each filing or proceeding described in subsection 10 to be published in the manner prescribed in this section. The publisher of the public notice shall, not later than 5 days after publication of the notice, provide to the Commission proof of the publication of the notice. The proof must include:

(a) The name of the newspaper in which the notice was published;

(b) The name of the county in which the notice was published;

(c) A statement signed by the publisher that the newspaper in which the notice was published is a newspaper of general circulation in the county in which the notice was published; and

(d) The date of the publication of the notice.

2. Except as otherwise provided in this section, if the Secretary determines that the filing or proceeding will have:

(a) A statewide effect, the Secretary shall cause the public notice to be published once in four or more newspapers of general circulation in this State, no two of which are published in the same county.

(b) An effect on a limited number of counties, the Secretary shall cause the public notice to be published once in a newspaper of general circulation in each county affected. If there is no newspaper published in an affected county, the Secretary shall cause the public notice to be published once in a newspaper of general circulation in an adjoining county.

3. The Secretary will post each business day on the Internet website of the Commission a current list of all public notices published pursuant to this section.

4. The public notice must be an advertisement which is not less than 1 column inch by 3 inches, with a border on all sides, and must include, as appropriate:

(a) At the beginning of the notice, a title that generally describes the relief requested or the type of proceeding scheduled;

(b) The name of the applicant, complainant or petitioner or the name of the agent for the applicant, complainant or petitioner;

(c) A brief description of the purpose of the filing or proceeding, including, without limitation, a clear and concise introductory statement that summarizes the relief requested or the type of proceeding scheduled and the effect of the relief or proceeding upon consumers;

(d) The location where the filing is on file for the public or the location and time for the proceeding; and

(e) The date by which persons must file comments, notices of intent to participate as a commenter or petitions for leave to intervene with the Commission.

↪ The public notice must be published prominently so that it is reasonably calculated to notify affected persons.

5. If the notice is:

(a) A public notice for a hearing, the Secretary shall cause the notice of hearing to be:

(1) Served on each party and published at least 10 days before the hearing is held; and

(2) Posted at the principal office of the Commission at least 3 days before the hearing is

held.

(b) For a filing or a proceeding other than a hearing, the Secretary shall cause the public notice to be published in the appropriate newspapers not less than 3 working days before the proposal in the filing becomes effective or the proceeding is held.

6. The applicant, complainant or petitioner shall timely pay the cost of the publication. If the applicant, complainant or petitioner fails to timely pay the cost of the publication, the Commission may, after notice and an opportunity to be heard and upon due consideration of all relevant circumstances, dismiss the applicable filing without prejudice, seek an administrative fine pursuant to NRS 703.380, or both dismiss the applicable filing without prejudice and seek an administrative fine.

7. On a weekly basis, the Commission will cause to be published a summary of public notices concerning the filings and proceedings described in subsection 10. The summary of public notices will be published in the Sunday edition of a newspaper of general circulation in Carson City and such other newspapers as determined by the Secretary.

8. If public notice of a filing or proceeding is published by the Secretary pursuant to this section, the Secretary's notice shall be deemed to be legally sufficient public notice of the filing

or proceeding, even if public notice in the summary of public notices is deficient or fails to be published pursuant to this section.

9. If public notice of a filing or proceeding is published in the summary of public notices pursuant to this section, the public notice in the summary of public notices shall be deemed to be legally sufficient public notice of the filing or proceeding, even if the Secretary's public notice is deficient or fails to be published pursuant to this section.

10. Except as otherwise provided pursuant to subsection 12, the provisions of this section apply to the following filings or proceedings:

(a) An application or tariff filing involving any authorization, expansion, reduction or curtailment of services, facilities or authority, any increase in rates, fares or charges, or any change in regulations.

(b) A complaint filed with the Commission pursuant to NAC 703.651.

(c) A petition.

(d) A prehearing conference.

(e) A workshop.

(f) A consumer session.

(g) A hearing.

11. The provisions of this section do not apply to a quarterly ~~[rate]~~ adjustment *to a base tariff energy rate or a quarterly adjustment to a deferred energy accounting adjustment* made pursuant to ~~[subsection 8 or 9 of]~~ NRS 704.110.

12. The provisions of this section do not apply to a petition submitted to the Commission pursuant to NAC 703.290.

Sec. 6. NAC 703.390 is hereby amended to read as follows:

703.390 1. Tariff sheets must be transmitted to the Commission accompanied by a notice that is filed pursuant to either paragraph (a) of subsection ~~[8]~~ 9 of NRS 704.110 or paragraph (a) of subsection ~~[9]~~ 11 of NRS 704.110 and that is not a part of the tariff or by a letter of advice that is not a part of the tariff. The appropriate filing fee, and a revised table of contents, if applicable, must be transmitted with a notice or letter of advice.

2. A notice or letter of advice must list the sheet numbers and titles of all tariff sheets being filed and the numbers of all sheets being cancelled. The notice or letter must state the reasons for the filing and the date on which the tariff sheets are proposed to become effective. The notice or letter of advice must call attention to each increase or decrease in rate or charge or change in condition which may result in an increase, decrease or withdrawal of service. If an increase is authorized by the Commission, reference in the notice or letter of advice to the decision number authorizing that increase must be given.

3. Notices or letters of advice must be numbered chronologically beginning with No. 1 for the first letter submitted by a public utility for each class of utility service rendered.

4. Each revised or new tariff page or sheet must indicate on the bottom of the page or sheet the number of the notice or the letter of advice transmitting the revised filing.

5. If any tariff is reissued and completely cancels a current tariff or is a reissue of a previously effective tariff, the reissued tariff must bear the same number as the current or previously cancelled tariff, suffixed by a letter, for example, Tariff 1-A, and continuing through the alphabet as that tariff is subsequently reissued, as follows:

Tariff No. 1-A

cancels

Tariff No. 1.

Sec. 7. Chapter 704 of NAC is hereby amended by adding thereto the provisions set forth as sections 8 to 11, inclusive, of this regulation.

Sec. 8. 1. *A gas utility which makes quarterly adjustments to its base tariff energy rates must file an application with the Commission pursuant to subsection 8 of NRS 704.110 and must receive approval from the Commission before the utility may make quarterly adjustments to its deferred energy accounting adjustment.*

2. An application to make quarterly adjustments to its deferred energy accounting adjustment submitted by a gas utility must include, without limitation:

(a) The rationale in support of the decision of the gas utility to apply to the Commission for approval to implement quarterly adjustments to its deferred energy accounting adjustment;

(b) The proposed adjustment dates, filing dates and effective dates for each of the proposed quarterly adjustments to the deferred energy accounting adjustment;

(c) The methodology proposed to be used to calculate the quarterly adjustments to the deferred energy accounting adjustment and the rationale supporting the selection of the methodology; and

(d) The amount of the proposed initial quarterly adjustment to the deferred energy accounting adjustment.

3. If the Commission approves an application for a quarterly adjustment to a deferred energy accounting adjustment, the Commission will specify the adjustment dates, filing dates, effective dates, methodology and amounts to be used by the applicant.

Sec. 9. 1. *A gas utility may file an application pursuant to subsection 16 of NRS 704.110 requesting approval to discontinue its authority to make quarterly adjustments to its deferred energy accounting adjustment and to establish its deferred energy accounting adjustment pursuant to NAC 704.111 and 704.116. The gas utility may cease making quarterly adjustments to its deferred energy accounting adjustment upon approval from the Commission.*

2. The application filed pursuant to subsection 16 of NRS 704.110 must include, without limitation:

(a) The rationale supporting the request to discontinue the utility's authority to make quarterly adjustments to its deferred energy accounting adjustment; and

(b) The proposed effective date of the transition.

3. An application submitted pursuant to subsection 16 of NRS 704.110 does not authorize a gas utility to terminate deferred energy accounting pursuant to NAC 704.090.

Sec. 10. 1. *An electric utility must file an application with the Commission pursuant to subsection 10 of NRS 704.110 and must receive approval from the Commission before the electric utility may make quarterly adjustments to its deferred energy accounting adjustment.*

2. An application to make quarterly adjustments to its deferred energy accounting adjustment submitted by an electric utility must include, without limitation:

(a) The rationale in support of the decision of the electric utility to apply to the Commission for approval to implement quarterly adjustments to its deferred energy accounting adjustment;

(b) The proposed adjustment dates, filing dates and effective dates for each of the proposed quarterly adjustments to the deferred energy accounting adjustment;

(c) The methodology proposed to be used to calculate the quarterly adjustments to the deferred energy accounting adjustment and the rationale supporting the selection of the methodology; and

(d) The amount of the proposed initial quarterly adjustment to the deferred energy accounting adjustment.

3. If the Commission approves an application for a quarterly adjustment to a deferred energy accounting adjustment, the Commission will specify the adjustment dates, filing dates, effective dates, methodology and amounts to be used by the applicant.

Sec. 11. 1. *An electric utility may file an application pursuant to subsection 16 of NRS 704.110 requesting approval to discontinue its authority to make quarterly adjustments to its deferred energy accounting adjustment and to establish its deferred energy accounting adjustment pursuant to NAC 704.111 and 704.116. The electric utility may cease making quarterly adjustments to its deferred energy accounting adjustment upon approval from the Commission.*

2. The application filed pursuant to subsection 16 of NRS 704.110 must include, without limitation:

(a) The rationale supporting the request to discontinue the utility's authority to make quarterly adjustments to its deferred energy accounting adjustment; and

(b) The proposed effective date of the transition.

Sec. 12. NAC 704.023 is hereby amended to read as follows:

704.023 As used in NAC 704.023 to 704.195, inclusive, *and sections 8 to 11, inclusive, of this regulation*, unless the context otherwise requires, the words and terms defined in NAC 704.024 to 704.063, inclusive, have the meanings ascribed to them in those sections.

Sec. 13. NAC 704.024 is hereby amended to read as follows:

704.024 “Adjustment date” means the end of the calendar year for an electric utility *for the purposes of a deferred energy application*, or the end of the calendar month selected by a gas utility for the purposes of a deferred energy application ~~or an annual rate adjustment application~~.

Sec. 14. NAC 704.030 is hereby amended to read as follows:

704.030 “Amortization period” means:

1. For an electric utility ~~not making quarterly adjustments to its deferred energy accounting adjustment~~, such period, not to exceed 12 months, after the end of the prior related test period, as determined by the Commission.
2. For a gas utility ~~not making quarterly adjustments to its deferred energy accounting adjustment~~, such period, not to exceed 12 months, after the end of the prior related test period, as determined by the Commission.

Sec. 15. NAC 704.031 is hereby amended to read as follows:

704.031 “Annual rate adjustment application” means an application filed *pursuant to subsection 9 of NRS 704.110* by a gas utility making quarterly ~~rate~~ adjustments ~~to clear its natural gas deferred energy accounts pursuant to NAC 704.023 to 704.195, inclusive.~~ *to its base tariff energy rate*.

Sec. 16. NAC 704.032 is hereby amended to read as follows:

704.032 “Base tariff energy rate” means:

1. For an electric utility, the rate determined by dividing the cost of fuel for electric generation and purchased power, reduced by any revenue from nonfirm sales for the test period, by the total megawatt-hours that have been sold, exclusive of nonfirm sales, for the test period,

except that if a regulation of the Commission or a specific fuel or purchased power contract so specifies, the costs and benefits must be treated in accordance with the regulation or the terms and conditions of the contract;

2. For a gas utility that does not make quarterly ~~[rate]~~ adjustments, the rate determined by dividing the cost of purchased gas by applicable sales as described in NAC 704.135; or

3. For a gas utility that makes quarterly ~~[rate]~~ adjustments, the rate determined pursuant to the methodology determined by the Commission pursuant to NAC 704.161.

Sec. 17. NAC 704.039 is hereby amended to read as follows:

704.039 “Deferred energy application” means an application filed by:

1. An electric utility pursuant to subsection ~~[9]~~ **11** of NRS 704.110 and NRS 704.187; or

2. A gas utility to clear its deferred energy accounts pursuant to NAC 704.023 to 704.195, inclusive ~~[,]~~, *and sections 8 to 11, inclusive, of this regulation.*

Sec. 18. NAC 704.056 is hereby amended to read as follows:

704.056 “Gas utility” means a gas utility that elects to use deferred energy accounting pursuant to NRS 704.185, including a gas utility that is authorized to make quarterly ~~[rate]~~ adjustments *to its base tariff energy rate* pursuant to subsection 8 of NRS 704.110.

Sec. 19. NAC 704.075 is hereby amended to read as follows:

704.075 1. The provisions of NAC 704.023 to 704.195, inclusive, *and sections 8 to 11, inclusive, of this regulation* apply to:

(a) Each electric utility that is required to use deferred energy accounting pursuant to NRS 704.187; and

(b) Each gas utility that elects to use deferred energy accounting pursuant to NRS 704.185.

2. Before a gas utility institutes procedures for the use of deferred energy accounting, the gas utility must notify the Commission in writing of its intent to do so. The notice must include the base tariff energy rate and all supporting data required to calculate the rate according to the formulas provided in NAC 704.023 to 704.195, inclusive ~~[]~~, *and sections 8 to 11, inclusive, of this regulation.*

Sec. 20. NAC 704.111 is hereby amended to read as follows:

704.111 1. For each electric utility ~~[]~~ *not making quarterly adjustments to its deferred energy accounting adjustment:*

(a) The electric utility shall clear annually any debit balance in the subaccount of FERC Account No. 182.3 or credit balance in the subaccount of FERC Account No. 254 over an approved period by dividing the cumulative debit or credit balance by the total Nevada jurisdictional kilowatt-hours which have been sold, exclusive of interruptible irrigation sales, during the test period. The resulting positive or negative deferred energy accounting adjustment must be applied to each Nevada jurisdictional customer's monthly use of energy, exclusive of interruptible irrigation sales, expressed in kilowatt-hours.

(b) The electric utility shall not bill or credit the deferred energy accounting adjustment to the customers of the electric utility until authorized by the Commission after a proper deferred energy application is made therefor.

2. For each gas utility ~~[]~~ *not making quarterly adjustments to its deferred energy accounting adjustment:*

(a) The gas utility shall clear annually any debit or credit balance in FERC Account No. 191 by dividing the cumulative debit or credit balance by the total Nevada jurisdictional therms which have been sold during the test period. The resulting positive or negative deferred energy

accounting adjustment must be applied to each Nevada jurisdictional customer's monthly use of energy expressed in therms.

(b) The gas utility shall not bill or credit the deferred energy accounting adjustment to the customers of the gas utility until authorized by the Commission after a proper deferred energy application or annual rate adjustment application is made therefor.

~~{3. The recovery of a debit balance in the subaccount of FERC Account No. 182.3, for electric operations, or FERC Account No. 191, for gas operations, must be limited by the most recently authorized Nevada jurisdictional rate of return for the specific operation of the electric utility or gas utility. If the Nevada jurisdictional rate of return submitted for an operating department of the electric utility or gas utility exceeds the most recently authorized rate of return for the utility, an amount equal to the amount which exceeds the utility's last authorized rate of return must be carried forward to the next test period.}~~

Sec. 21. NAC 704.116 is hereby amended to read as follows:

704.116 1. Except as otherwise provided *for an electric utility or gas utility which adjusts its deferred energy accounting adjustment and its base tariff energy rates on a quarterly basis and except as otherwise provided* in subsection 2 or 3, each electric utility and gas utility shall file annually with the Commission a deferred energy application for each of its jurisdictional operating departments in this State setting forth its calculations of the deferred energy accounting adjustment and the base tariff energy rate.

2. A gas utility that is not authorized to make quarterly ~~[rate]~~ adjustments *to its base tariff energy rate* may file with the Commission a semiannual deferred energy application if the net change in revenue necessary to clear the change in the deferred energy account balance at the

end of the 6-month period exceeds plus or minus 5 percent of the total revenue at the last authorized rates for purchased gas.

3. A gas utility that makes quarterly ~~[rate]~~ adjustments *to its base tariff energy rate* pursuant to subsection 8 of NRS 704.110 shall file an annual rate adjustment application with the Commission for each of its jurisdictional operating departments in this State . ~~[, setting]~~ *Except for a gas utility that makes quarterly adjustments to its deferred energy accounting adjustment, the application must set* forth ~~[its calculations of]~~ the *annual adjustment to the* deferred energy accounting adjustment. The annual rate adjustment application must be filed not later than the date specified by the Commission pursuant to subsection 3 of NAC 704.161.

4. Each electric utility shall file its deferred energy application pursuant to subsection 3 of NRS 704.187. Each gas utility shall file its deferred energy application not later than ~~[45]~~ 65 days after the adjustment date.

5. If an electric utility files a deferred energy application while a general rate application is pending before the Commission, the electric utility shall:

(a) Submit with its deferred energy application information relating to the cost of service and rate design; and

(b) Supplement its general rate application with the same information, if such information was not submitted with the general rate application.

6. ~~[The]~~ *Except for an electric utility or a gas utility that makes quarterly adjustments to its deferred energy accounting adjustment, the* deferred energy accounting adjustment of an electric utility or gas utility must be calculated pursuant to NAC 704.101 and 704.111.

7. The base tariff energy rate of a gas utility that is not authorized by the Commission to make quarterly ~~[rate]~~ adjustments *to its base tariff energy rate* must be calculated pursuant to NAC 704.135.

8. The base tariff energy rate of a gas utility that is not authorized by the Commission to make quarterly ~~[rate]~~ adjustments *to its base tariff energy rate* remains in effect until a revised rate is authorized by the Commission.

9. ~~[The]~~ *Except for an electric utility or a gas utility that makes quarterly adjustments to its deferred energy accounting adjustment, the* deferred energy accounting adjustment of an electric utility or gas utility remains in effect until the end of the designated amortization period or until an amended rate is authorized by the Commission, whichever occurs first.

Sec. 22. NAC 704.117 is hereby amended to read as follows:

704.117 In accordance with subsection 7 of NRS 704.110, a gas utility may file an application to revise its base tariff energy rate every 30 days unless the Commission has approved ~~[a]~~ quarterly ~~[rate adjustment]~~ *adjustments to the base tariff energy rate* pursuant to NRS 704.100 and 704.110.

Sec. 23. NAC 704.118 is hereby amended to read as follows:

704.118 1. An electric utility or gas utility that files a deferred energy application pursuant to NAC 704.116, a gas utility that files an application to revise its base tariff energy rate pursuant to NAC 704.117 or a gas utility that files an annual rate adjustment application pursuant to subsection 3 of NAC 704.116 shall:

(a) Within 10 days after filing the application, make available at each of its business offices a complete copy of the application in such form and place as to be readily accessible to and conveniently inspected by the public;

(b) Within 10 days after filing the application, print in plain type and post at each of its business offices, in such form and place as to be readily accessible to and conveniently inspected by the public, a notice stating that the application has been filed with the Commission, describing briefly the purpose of the application, indicating that the complete application is available for public inspection on the premises and setting forth the locations where additional information may be obtained; and

(c) Within 20 days after filing the application, submit to the Commission affidavits that indicate that the application has been filed and that the utility has complied with the provisions of paragraphs (a) and (b).

2. After the Commission has scheduled a date for a hearing on the application, the applicant shall, at least 10 days before the scheduled date of the hearing, give notice to its customers who are affected by the proposed increase. The first paragraph of the notice must state the date, time and place of the hearing, the total amount of the proposed increase in dollars, the estimated proposed monthly increase in dollars and the proposed percentage of increase for each class of customer or class of service. The notice must also state that the Commission may set rates which may be higher or lower than the rates proposed in the application and that additional information may be obtained from the Commission or at the offices of the electric or gas utility filing the application. The notice must be given by at least two of the following methods:

- (a) Inclusion in the regular bill of charges transmitted to the applicant's customers.
- (b) Separate mailing to each of the applicant's customers.
- (c) Prominent presentation in one or more forms of the media, including newspapers, television and radio, so that the notice will likely reach the applicant's customers.

3. At or before the hearing, the applicant must submit a verified statement to the Commission that the notice required in subsection 2 has been given. The statement must:

(a) Set forth the means by which, and the dates and times when, the notice was mailed, published or broadcast; and

(b) Include, as an attachment, a copy of the notice as mailed, published or transcribed.

4. An electric utility shall, for each quarterly ~~rate~~ adjustment ~~to its base tariff energy rate and, if applicable, each quarterly adjustment to its deferred energy accounting adjustment~~, provide:

(a) Notice to the Commission pursuant to the provisions of paragraph (a) of subsection ~~9~~ 11 of NRS 704.110, including, without limitation:

(1) A copy of the notice of the quarterly ~~rate~~ adjustment *to its base tariff energy rate and, if applicable, the quarterly adjustment to its deferred energy accounting adjustment* that the electric utility will provide to its customers;

(2) Supporting information for all amounts shown in the notice of the quarterly ~~rate~~ adjustment *to its base tariff energy rate and, if applicable, the quarterly adjustment to its deferred energy accounting adjustment* that the electric utility will provide to its customers;

(3) The calculations supporting the change in its base tariff energy rate ~~to~~ and, *if applicable, its deferred energy accounting adjustment; and*

(4) The tariff sheets reflecting the quarterly ~~rate~~ adjustment ~~to its base tariff energy rate and, if applicable, the quarterly adjustment to its deferred energy accounting adjustment~~;

(b) Notice to its customers as required pursuant to the provisions of paragraph (b) of subsection ~~9~~ 11 of NRS 704.110; and

(c) A copy of the notice provided pursuant to paragraph (a) to the Regulatory Operations Staff of the Commission and to the Bureau of Consumer Protection in the Office of the Attorney General.

5. A gas utility that is authorized to make quarterly ~~[rate]~~ adjustments *to its base tariff energy rate and, if applicable, quarterly adjustments to its deferred energy accounting adjustment* shall, for each quarterly ~~[rate]~~ adjustment, provide:

(a) Notice to the Commission pursuant to the provisions of paragraph (a) of subsection ~~[8]~~ 9 of NRS 704.110, including, without limitation:

(1) A copy of the notice of the quarterly ~~[rate]~~ adjustment *to its base tariff energy rate and, if applicable, the quarterly adjustment to its deferred energy accounting adjustment* that the gas utility will provide to its customers;

(2) Supporting information for all amounts shown in the notice of the quarterly ~~[rate]~~ adjustment *to its base tariff energy rate and, if applicable, the quarterly adjustment to its deferred energy accounting adjustment* that the gas utility will provide to its customers; and

(3) The calculations supporting the change in its base tariff energy rate ~~[;]~~ *and, if applicable, its deferred energy accounting adjustment;*

(b) Notice to its customers as required pursuant to the provisions of paragraph (b) of subsection ~~[8]~~ 9 of NRS 704.110; and

(c) A copy of the notice provided pursuant to paragraph (a) to the Regulatory Operations Staff of the Commission and to the Bureau of Consumer Protection in the Office of the Attorney General.

Sec. 24. NAC 704.135 is hereby amended to read as follows:

704.135 1. A gas utility that does not make quarterly ~~[rate]~~ adjustments *to its base tariff energy rate (BTER)* shall, pursuant to subsections 2 and 3, calculate a forecasted and a historic base tariff energy rate ~~[(BTER)]~~ for purchased gas and recommend its preferred base tariff energy rate to the Commission.

2. The gas utility shall calculate a forecasted base tariff energy rate based on the following formula:

Where:

PG = Sales volumes of the gas utility, including an adjustment for projected shrinkage in the distribution system and the consumption of gas by an upstream pipeline company, used to calculate purchases necessary to support the given level of sales for the test period expressed in therms.

UG = The projected weighted average unit price that will be paid for gas during the period in which the rate will be in effect.

SG = Actual volumes of gas sold for the test period expressed in therms.

FG = Fixed costs associated with the purchase of gas for the period in which the rate will be in effect as may be enumerated in the accounts specified in paragraph (e) of subsection 2 of NAC 704.120.

VG = Variable transportation costs.

TG = Distribution system shrinkage costs paid by transportation customers.

Then:

$$(PG \times UG) + FG + (VG - TG)$$

$$\text{BTER} =$$

SG

3. Except as otherwise provided in subsection 4, the gas utility shall calculate a historic base tariff energy rate based on the following formula:

Where:

PG = Sales volumes of the gas utility, including an adjustment for projected shrinkage in the distribution system and the consumption of gas by an upstream pipeline company, used to calculate purchases necessary to support the given level of sales for the test period expressed in therms.

UG = The weighted average of the latest experienced unit prices paid for gas during the test period.

SG = Actual volumes of gas sold for the test period expressed in therms.

FG = Annualized fixed costs associated with the purchase of gas for the test period as may be enumerated in the accounts specified in paragraph (e) of subsection 2 of NAC 704.120.

VG = Variable transportation costs.

TG = Distribution system shrinkage costs paid by transportation customers.

Then:

$$(PG \times UG) + FG + (VG - TG)$$

$$\text{BTER} =$$

SG

4. A gas utility that makes quarterly ~~[rate]~~ adjustments *to its base tariff energy rate* shall calculate its base tariff energy rate using the methodology determined by the Commission pursuant to NAC 704.161.

Sec. 25. NAC 704.161 is hereby amended to read as follows:

704.161 1. Before a gas utility which purchases natural gas for resale may make quarterly ~~[rate]~~ adjustments ~~[.]~~ *to its base tariff energy rate*, the utility must file an application pursuant to subsection 8 of NRS 704.110 and must receive approval from the Commission to adjust its base tariff energy rate on a quarterly basis between annual rate adjustment applications.

2. The application described in subsection 1 must include, without limitation:

(a) The rationale in support of the decision of the gas utility to apply to the Commission for approval to implement quarterly ~~[rate]~~ adjustments ~~[.]~~ *to its base tariff energy rate;*

(b) The proposed filing dates and effective dates for each of the quarterly ~~[rate]~~ adjustments ~~[.]~~ *to its base tariff energy rate;*

(c) The proposed filing date and effective date for the annual rate adjustment application;

(d) The methodology proposed to be used to calculate the quarterly ~~[rate]~~ adjustments *to its base tariff energy rate* and the rationale supporting the selection of the methodology; and

(e) The amount of the proposed initial quarterly ~~[rate]~~ adjustment ~~[.]~~ *to the base tariff energy rate.*

3. If the Commission approves an application described in subsection 1, the Commission will specify the filing and effective dates, methodology and amounts to be used by the applicant.

Sec. 26. NAC 704.166 is hereby amended to read as follows:

704.166 1. A gas utility may file an application requesting approval to terminate its authority to make quarterly ~~[rate]~~ adjustments *to its base tariff energy rate* and to establish its

base tariff energy rate pursuant to NAC 704.116 or ~~subsection 3 of~~ NAC 704.117. The gas utility may cease making quarterly ~~[rate]~~ adjustments *to its base tariff energy rate* upon authorization from the Commission.

2. The application submitted pursuant to subsection 1 must include, without limitation:

(a) The rationale supporting the request to terminate the utility's authority to make quarterly ~~[rate]~~ adjustments ~~[:]~~ *to its base tariff energy rate;*

(b) The proposed effective date of the transition; and

(c) If applicable, the proposed base tariff energy rate calculated pursuant to NAC 704.135.

Sec. 27. NAC 704.323 is hereby amended to read as follows:

704.323 1. A utility shall send to each of its customers a statement containing a clear and concise explanation of its existing rate schedules which are applicable to the customer. The statement must be sent to each customer:

(a) At the time the customer makes application for service; and

(b) In the next bill sent to the customer after any change applicable to that customer is made in a rate schedule, except for quarterly ~~[rate]~~ adjustments *to its base tariff energy rate and, if applicable, for quarterly adjustments to its deferred energy accounting adjustment* for which notice was provided pursuant to subsection 4 or 5 of NAC 704.118.

2. On each residential and small commercial customer's bill, a utility shall include a formula which the customer may use for calculating the amount of the bill. If more than one rate is applicable to a customer during any billing period, the rate used in the formula must be a weighted average of those rates. For the purposes of this subsection, "weighted average" means an average of the applicable rates during a billing period, calculated according to the number of days each rate is in effect.

3. Each utility, at the request of a customer, shall send the customer a clear and concise statement of the customer's actual consumption of gas or electric energy for each billing period during the prior year at the location where service is provided.

Sec. 28. NAC 704.062 is hereby repealed.

TEXT OF REPEALED SECTION

704.062 “Quarterly rate adjustment” defined. (NRS 703.025, 704.185, 704.187, 704.210) “Quarterly rate adjustment” means a quarterly adjustment to the base tariff energy rate of:

1. An electric utility for purchased fuel or power based on changes in the utility's recorded energy costs; or
2. A gas utility based on changes in the utility's recorded costs of natural gas purchased for resale.